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EX 63-3042

EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington 25, D. C.

April 10, 1963

Mr. Lyman B. Kirkpatrick
Executive Director
Central Intelligence Agency
2430 E Street, N. W.
Washington 25, D. C.

Dear Mr. Kirkpatrick:

Beginning in Fiscal Year 1964 and thereafter a significant portion of automatic data processing (ADP) equipment will be purchased, rather than leased, in accordance with the provisions of Bureau of the Budget Circular No. A-54. The maintenance of purchased ADP equipment therefore has now become an important consideration.

When ADP equipment is leased, as has been true in the majority of past acquisitions, maintenance is provided by the manufacturer, i.e., the lessor. When ADP equipment is purchased, the purchasing agency currently has the option of either (1) contracting with the manufacturer for maintenance--and for such contractual arrangements there are existing Federal Schedule of Supply (FSS) contracts with the majority of ADP equipment manufacturers--or (2) providing its own maintenance.

There is currently no Government-wide criteria for use in choosing between contractual and in-house maintenance arrangements. There may be favorable possibilities inherent in the operation of maintenance service centers for all or part of the ADP equipment in one agency, even though dispersed, or on a regional basis for all agencies in that region. Suggestions for such centers have been made, but there is currently no criteria for making determinations of this kind.

The development of maintenance policy and criteria should of course be based upon a careful analysis of the Government's experience to date in providing its own maintenance of ADP equipment. Although we believe this experience to be limited, we have initiated a project for gathering experience information, evaluating it and, if sufficient, to use it in developing the maintenance policies and criteria needed. We will ask for some information from your agency, even though you may be procuring maintenance by contract. If you are providing your own maintenance for all or some of your ADP equipment, we likely will ask for additional information and may wish to visit with the person in charge of your maintenance organization.

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Mr. William A. Gill of the Bureau's staff is in charge of the study. We ask that you designate a person in your organization to contact Mr. Gill (Code 113, Extension 3311) for the purpose of working out the information gathering requirements and such additional follow-up as may be required.

Sincerely yours,



Harold Seidman
Acting Assistant Director for
Management and Organization